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August 15, 2006

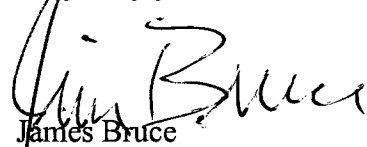
*Case 13780*

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Unit Petroleum Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 14, 2006 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Unit Petroleum Company

PARTIES BEING POOLED

Claude Morrison – (possible Jacqueline Elliott heir)

Robert E. Carswell, III (possible Jacqueline Elliott heir)

Hamon Operating

Petro Tiger, Ltd.

Coll Mineral Interest Holders

Charles H. Coll

John F. Coll

Melanie Coll DeTempe

Eric J. Coll and Shelly Coll

Clarke and Amy Coll

Max W. Coll, II

John F. Coll, II, and Michelle Coll

Max W. Coll, II

Arvis K. Miller Trust

Mary Louise Galbreath

Jacqueline Elliott

Alton C. White, Jr.

Mary Debra Brady

Barbara Sue Schmidt

Sally Rogers (Coll family)

L. Brady Myers

Geodyne Nominee Corp.

Rachel Joan Garrett

Barbara Jane Dewey

Round Hill Royalty, LP

Debra Groves Brady

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF UNIT PETROLEUM  
COMPANY FOR COMPULSORY POOLING  
AND A NON-STANDARD GAS SPACING AND  
PRORATION UNIT, LEA COUNTY, NEW MEXICO.

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Case No. 13780

APPLICATION

Unit Petroleum Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N½ of Section 17, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and approving a non-standard gas spacing and proration unit in the Morrow formation, and in support thereof, states:

1. Applicant is an interest owner in the N½ of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill its Monument 17 Well No. 1 in the NE¼NE¼ of Section 17, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

30-025-38108  
(11,600')

- (a) The NE¼NE¼ to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent;
- (b) The NE¼ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and
- (c) The N½ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent;
- (d) The N½ to form a non-standard 320 acre gas spacing and proration unit in the North Osudo-Morrow Gas Pool, which is developed on 640 acre spacing.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 17 for the purposes set forth herein.

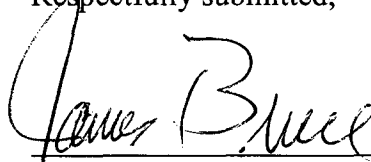
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 17, and approval of the non-standard unit, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 17, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- F. Approving a non-standard 320 acre gas spacing and proration unit in the North Osudo-Morrow Gas Pool.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Unit Petroleum Company

PROPOSED ADVERTISEMENT

Case No. 13780 : **Application of Unit Petroleum Company for compulsory pooling and approval of a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 17, Township 20 South, Range 36 East, NMPM, and in the following manner: The N/2 to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acre spacing within that vertical extent; the N/2 to form a non-standard 320-acre gas spacing and proration unit in the North Osudo-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160 acre spacing within that vertical extent; and the NE/4NE/4 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Monument 17 Well No. 1, to be drilled in the NE/4NE/4 of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well, as well as approval of the non-standard gas well unit. The well units are located approximately 7 miles southwest of Monument, New Mexico.

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